

## **REMARKS**

Claims 1-46 are pending in the application. Claims 34 and 45 have been amended; no new matter has been added. Applicants respectfully request reconsideration of the rejections set forth in the Office Action dated December 13, 2006 in light of the preceding amendments and following remarks.

### **Allowable Subject Matter**

Applicants gratefully acknowledge indication of allowability of claims 1-22 and 40-43.

### **In the Claims**

Claim 45 has been amended to correct for a typographical error; no new matter has been added.

### **Rejections Under 35 U.S.C. §101**

Claims 23-39 and 44-46 were rejected under 35 U.S.C. 101 for containing non-statutory subject matter.

With respect to claims 44 and 45, the Specification on page 11 lines 18-21 and page 22 lines 3-14 states that techniques and systems described in the specification may be implemented in hardware. Claims 44 and 45 may thus include hardware, which represents statutory subject matter as a new and useful machine.

Second, the Office Action dated December 13, 2006 with respect to claims 44 and 45, states “therefore such process claim does not result to a practical application which produces a “**useful**, concrete and tangible result” (see page 2, emphasis added). Claims 44 and 45 both recite a system, not a method or process claim. Each system also has use and provides a tangible result. The system of claim 44 **has utility**: it produces video data that may be displayed. It is not necessary for the video data to be displayed (or the claim to explicitly recite how video data is displayed) for the video data to be considered useful (people buy compact discs with video data, hence, video data in general has utility without needing to be displayed). Each system also provides a tangible result. The system of claim 45 **provides encoded video data, which also has use**. One of skill in the art is aware of the utility of video compression; see the Applicants’ Background for example. The system of claim 44 **provides decoded video data, which is**

**tangible**. The encoded video data of claim 45 is also tangible – it may be embodied on a disk or the like.

Furthermore, the statutory subject matter rejection by the PTO does not follow MPEP requirements. MPEP 2106(IV)(B) requires that office personnel classify the claimed invention into a particular statutory or non-statutory category. The list of non-statutory categories is found in MPEP 2106(IV)(B)(1) and includes (1) functional descriptive material, (2) non-functional descriptive material, and (3) natural phenomena such as electricity and magnetism. The Office Action dated December 13, 2006, fails to make such a classification, and instead makes a conclusory statement regarding the claims not producing a useful, concrete or tangible result, which the Applicants have overcome. Applicants respectfully submit that the claims do not fit into any of the non-statutory classes listed above.

With respect to claim 46, the Specification on page 24 has been amended to delete the carrier wave language objected to by the Examiner.

With respect to claim 23, the Office Action provided no specific or meaningful rationale for rejecting claim 23 as non-statutory subject matter. The Office Action points to arguments made with respect to reasons used to reject claim 45, despite the fact that claim 45 recites a system while claim 23 recites a method. Regardless, the method for encoding video data of claim 23 has use. **Utility** mentioned on pages 1 and 2 of the Specification includes: “compression is an approach that has been used to make digital video images more transportable. Digital video compression schemes allow digitized video frames to be represented digitally in much more efficient manner. Compression of digital video makes it practical to transmit the compressed signal using digital channels at a fraction of the bandwidth required to transmit the original signal without compression. International standards have been created for video compression schemes.”

Claim 34 has been amended to recite that the residual error codebook is embodied in a computer readable medium. As recited, the residual error codebook has use in encoding and

decoding video data and is embodied in a computer readable medium. Utility of encoding and decoding video data was described above with respect to claims 23, 44 and 45.

For at least these reasons, independent claims 23, 34 and 44-46 are statutory.

Dependent claims 24-33 and 35-39 each depend directly or indirectly from independent claims 23 and 34, respectively, and are therefore respectfully submitted to be patentable for at least the reasons set forth above with respect to the independent claims.

Withdrawal of the rejections under 35 USC §101 is therefore respectfully requested.

Applicants believe that all pending claims are allowable and respectfully requests a Notice of Allowance for this application from the Examiner. Should the Examiner believe that a telephone conference would expedite the prosecution of this application, the undersigned can be reached at the telephone number set out below.

Respectfully submitted,  
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